



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: July 26, 2000 REPORT NO. 00-148

ATTENTION: Honorable Mayor and City Council
Docket of

SUBJECT: Proposed Fiscal Year 2001 San Diego Convention Center Corporation
Budget

SUMMARY

Issue - Should the City Council approve the Proposed Fiscal Year 2001 San Diego Convention Center Corporation (SDCCC) Budget, in the amount of \$24,222,699?

Manager's Recommendation - Approve the Proposed Fiscal Year 2001 San Diego Convention Center Corporation Budget.

Other Recommendations - None.

Fiscal Impact - The City's Fiscal Year 2001 Budget includes funds in the amount of \$4,761,740 in the New Convention Facility Fund (Fund 10225) for purposes of providing the subsidy to the San Diego Convention Center Corporation.

DISCUSSION

The Proposed Fiscal Year 2001 Budget for the San Diego Convention Center Corporation (SDCCC) reflects the combined revenue and expense activity for the San Diego Concourse and the San Diego Convention Center. The Concourse includes the Civic Theatre, Golden Hall, Plaza Hall, other meeting rooms, and parking facilities.

The Proposed Fiscal Year 2001 Budget for the San Diego Convention Center Corporation totals \$24,222,699. This represents an increase of \$639,874, or 2.71%, over the Fiscal Year 2000 Budget. The City of San Diego's support to the San Diego Convention Center Corporation's operations has increased \$290,623 over Fiscal Year 2000 Budget levels.

San Diego Convention Center Corporation Combined Budget				
Item	Fiscal Year 2000 Budget	Fiscal Year 2001 Proposed	Change from Fiscal Year 2000	% Change from Fiscal Year 2000
Operating Revenue	\$ 19,111,708	\$ 19,460,959	\$ 349,251	1.83%
Operating Expenses				
Salaries & Wages	\$ 11,357,741	\$ 11,649,060	\$ 291,319	2.56%
Fringe	2,763,007	2,861,217	98,210	3.55%
Non-Personnel	8,331,897	7,928,654	(403,243)	-4.84%
Total Operating Expenses	\$ 22,452,645	\$ 22,438,931	\$ (13,714)	-0.06%
Sails Pavilion Loan Expense	\$ -	\$ 500,000	\$ 500,000	100.00%
Capital Expenses	\$ 1,130,180	\$ 1,283,768	\$ 153,588	13.59%
Total Expenses	\$ 23,582,825	\$ 24,222,699	\$ 639,874	2.71%
Subsidy Requirement	\$ (4,471,117)	\$ (4,761,740)	\$ (290,623)	6.50%
Positions	377.27	370.03	(7.24)	-1.92%

Revenue

The San Diego Convention Center Corporation's Proposed Fiscal Year 2001 Budget provides for \$19,460,959 in operating revenue, an increase of 1.83% over the Fiscal Year 2000 Budget. This favorable outlook is due primarily to a projected 44.91% increase in event and cleaning services revenue and a 7.25% increase in food and beverage commissions. Partially offsetting this favorable position is decreased telecommunications revenue beginning in Fiscal Year 2001 due to the SDCCC contracting out telecommunications services to a third party and receiving a commission based upon a percentage of sales.

Personnel Expense

The San Diego Convention Center Corporation's Proposed Fiscal Year 2001 Budget for Personnel Expense totals \$14,510,277, which represents an increase of \$389,529, or 2.76%, over the Fiscal Year 2000 Budget of \$14,120,748. In Fiscal Year 2001, the Personnel Expense covers the cost of 370.03 positions compared to 377.27 positions in Fiscal Year 2000. Further, Salaries and Wages increased by \$291,319, from \$11,357,741 in Fiscal Year 2000 to \$11,649,060 in Fiscal Year 2001, and Fringe increased by \$98,210, from \$2,763,007 in Fiscal Year 2000 to \$2,861,217 in Fiscal Year 2001.

The increase in Personnel Expense over the Fiscal Year 2000 Budget is attributable to an anticipated 4% merit increase based on employee performance and review dates, contractually obligated increases for union employees, and related fringe benefits. Partially offsetting this increase is a net reduction of 7.24 positions, which has been accomplished through the contracting out of telecommunications services and department reorganization. Increased

healthcare costs and pension expenses are primarily responsible for a 3.55% Fringe increase.

The net decrease in positions reflects the addition of 5.82 full-time equivalent positions and the reduction of 4.00 full-time equivalent positions and 9.06 part-time equivalent positions. The positions added/eliminated for Fiscal Year 2001 are as follows:

* 1.00 Ticket Seller	* -1.00 Telecommunications Manager
* 0.83 HVAC Specialist	* -1.00 Telecommunications Operations Supervisor
* 0.83 Electrician	* -1.00 Telecommunications Customer Supervisor
* 0.75 Plumber	* -1.00 Telecommunications Technician
* 0.67 HR Training Specialist	* -9.06 part-time equivalent positions
* 0.58 HR Department Assistant	
* 0.50 Storekeeper	
* 0.41 Welder Mechanic	
* 0.25 Senior Event Manager	

Other Expenses

The Non-Personnel Expense portion of the Proposed Fiscal Year 2001 Budget for the San Diego Convention Center Corporation totals \$7,928,654 while the Sails Pavilion Loan Expense totals \$500,000 and Capital Expenses total \$1,283,768. This represents a decrease of \$403,243, or 4.84%, in Non-Personnel Expense, the first-time inclusion of Sails Pavilion expenses in the SDCCC budget, and a \$153,588 or 13.59% increase in Capital Expenses over Fiscal Year 2000 Budget levels. These increases are due mainly to the first of eleven loan payments to the Port of San Diego for the Sails Pavilion Enclosure Project, and various capital equipment expenditures. Partially offsetting these increases is significant savings in telecommunications as a result of contracting out this service to a third party contractor.

Conclusion

For Fiscal Year 2001, the San Diego Convention Center Corporation has presented a budget that calls for an overall increase of \$639,874, or 2.71%, over the Fiscal Year 2000 Budget due to a 2.56% increase in Salaries & Wages, a 3.55% increase in Fringe, and an overall 2.65% increase in Non-Personnel, Sails Pavilion Loan, and Capital Expenses. The budget proposal has been reviewed by Financial Management and is submitted for your approval.

Respectfully submitted,

Ernie Anderson
Financial Management Director

Approved: Patricia T. Frazier
Deputy City Manager

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